

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6897

BILL NUMBER: SB 352

NOTE PREPARED: Jan 4, 2012

BILL AMENDED:

SUBJECT: Redevelopment Commissions and Authorities.

FIRST AUTHOR: Sen. Walker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Oversight of Redevelopment Commissions, Departments, and Redevelopment Authorities: The bill specifies that a redevelopment commission, a department of redevelopment, and a redevelopment authority are subject to audit by the State Board of Accounts and covered by the public meeting, public records, and public works laws.

Prohibition: It prohibits a redevelopment commission, authority, or department, or a designee holding company from owning, leasing, or holding a single family dwelling or condominium unit.

Pecuniary Interest: The bill provides that if a redevelopment commission member or advisor or a redevelopment authority board member owns, directly or indirectly, more than 10% of a business entity, the individual is considered an owner of that business entity for purpose of determining whether the member or advisor has a pecuniary interest in a proposed contract, employment, purchase, or sale.

Business Entity Repayment: The bill provides that if a private business entity specifically proposes a capital improvement that the business entity will benefit from after completion, and financing by a redevelopment commission or redevelopment authority is proposed of at least \$4.0 M the redevelopment commission or authority may not incur the obligation and make the capital improvement unless the business entity agrees to repay any obligations related to the specific capital improvement as of a date certain.

Fiscal Officer: The bill provides that the fiscal officer of a redevelopment commission is the fiscal officer of the unit that established the commission. It also provides that the Indianapolis Controller is the fiscal

officer of the redevelopment commission and redevelopment authority in Indianapolis.

Reporting: The bill requires the secretary-treasurer of a redevelopment authority to report quarterly to the fiscal officer of the unit that established the redevelopment authority. The bill also requires the Department of Local Government Finance, with the assistance of the State Board of Accounts, to prepare a report on redevelopment by redevelopment commissions, authorities, and departments and to submit and present the report to the Commission on State Tax and Financing policy during the 2012 legislative interim.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Oversight - State Board of Accounts (SBOA):* Under the bill, redevelopment commissions, departments, and authorities are to be audited by the SBOA. To the extent that SBOA does not currently audit an entity, SBOA would have additional workload. However, most of these entities are currently audited.

Reporting: The Department of Local Government Finance and the State Board of Accounts could incur additional costs to prepare a report for the Commission on State and Financing Policy.

Background: Each local unit of government is required to pay all or a portion of the expenses of examination by the SBOA. The rate billed is \$45.00 per day for each field examiner engaged in making the examination.

The report on redevelopment commissions, authorities, and departments is to include the activities of the entities, including proposed and completed projects; budget data for each entity from 2007 to 2011; audit findings; actual increases in assessed value in redevelopment areas in comparison to planned increases, and suggestions for law changes.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Overall Impact:* The impact on redevelopment of provisions concerning the pecuniary interest of board members and the prohibition on owning, leasing, or holding a single family dwelling or condominium unit, if any, is unknown. The capital improvement cost a redevelopment committee, authority, or department may be reduced by the amount a business entity promises to pay. The actual impact would depend on local action taken under this bill.

Under current law, a county or municipality may create a redevelopment commission, and a unit that has enacted a commission may create a redevelopment authority. In Marion County, a department of metropolitan development may be established. Under this bill, the legislative or fiscal body of the taxing unit that created the redevelopment commission, authority, or department would be the treasurer of the redevelopment commission or authority and all administration of funds would be subject to the same state laws that apply to other funds administered by the treasurer. For Indianapolis/Marion County, the city controller would be the fiscal officer of the redevelopment commission.

Business Entity Repayment: If a business entity proposes a capital improvement that will benefit the business, the private entity and the redevelopment commission, authority, or department is to enter into an agreement on the maximum obligation of the redevelopment commission, authority, or department, the maximum

interest rate and term of the obligation, and a promise to repay so the redevelopment commission, authority, or department may recoup the amount it has paid for the capital improvement. The legislative body of the enabling unit would have to adopt an ordinance approving the agreement.

Oversight and Reporting: Administrative expenses and reporting costs could increase under the bill from the following sources.

1. The treasurer of a redevelopment commission outside Indianapolis would report quarterly to the fiscal officer of the sponsoring unit which would minimally increase costs.
2. The entity could also incur costs for SBOA audits (see *Explanation of State Expenditures* above).
3. The entity could incur additional expenses to post meeting information in compliance with the open meetings statutes, and to maintain and provide records under the public records laws. The added expenses would depend on the number of meetings and information requests.

State Agencies Affected:

Local Agencies Affected: Units authorizing redevelopment commissions departments, and authorities; redevelopment commissions, departments, and authorities; Indianapolis Controller.

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.